

Public Policy for Rural Employment in Neo-Liberal Era: A Study of MGNREGA in Rajasthan, India

Nagendra Ambedkar Sole

Associate Professor & Head, Department of Public policy, Law and Governance, Central University of Rajasthan, India

Email- snambekar@curaj.ac.in

Abstract

The new economic policy in India launched in 1991 reflected the main tenets of neoliberalism advocated worldwide by the World Bank and International Monetary Fund. After adoption of neoliberal economic reforms the growth rates have risen along with the process of accelerated liberalization of trade and capital market, but failed to bring any change in generating employment. As the high growth rates have not led to the automatic employment avenues for the rural poor in India, there was seemingly unrest among the rural poor. It has generated widespread protest and movements among poor peasants and agricultural labourers for improved livelihoods and dignity. This has necessitated state intervention in correcting the imbalances generated by neoliberalist policies. The enactment of MGNREGA is an important milestone in this direction. It has been hailed as milestone in social policy and employment creation.

Keywords: MGNREGA, Public Policy, Neo-liberalism, Employment generation, Women participation.

Introduction

In 1991, under the guidance of the then finance minister, also called the Architect of Indian Economic Reforms, Dr. Manmohan Singh, India launched its new economic policy. This new economic policy reflected the major tenets of neo liberalism advocated across the globe by the World Bank and International Monetary Fund (IMF). Neo liberalism is a form of policy regime that serves the interests of business through its focus on market solutions. Economic regulations is sought to be related to enable market processes to operate with limited restraints especially through, flows of Foreign Direct investment (FDI).

David Harvy considers “neoliberalism is in the first instance a theory of political economic practices that proposes that human well being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defence, police and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. Furthermore, if markets do not exist then they must be created, by the state action if necessary. But beyond those tasks the state should not venture. State interventions in markets must be kept to a base minimum because according to theory, the state cannot possibly possess enough information to second guess market signals (Prices) and because powerful interest groups will inevitably distort and bias state interventions (Particularly in democracies) for their own benefit”. (David Harvey 2005)

After adoption of neo liberal economic reforms, the growth rates of trade and capital market have accelerated, but at the same time, it has failed to create any new job opportunities. This period was also marked by very slow growth in employment generation especially in rural areas. As C.P. Charandra Sekhar had observed that “India’s transition in 1991, initially through a programme of structural adjustment entailed a regime of liberal imports, substantial dilution of regulations governing foreign investments, a progressive removal of administrative controls, a strictly limited role for public investment, the privatization of publicly owned assets over a wide field, the easing of capital controls and domestic financial liberalization that did away with targeted lending at differential interest.” (C. P. Chandrashekhar 2010)

On the other hand, the structural reforms in India have kept the economy on a growing trajectory. The total labour force has grown steadily but it has not resulted in a parallel increase in organized sector employment. This twin phenomenon of higher growth impetus coupled with jaded employment generation India are believed to be a co-product of an antiquated and rigid policies of labour market. Due to lack of employment avenues despite the higher growth rate, it created unrest among the rural India. It has to be mentioned that in a democracy the state is believed to pursue policies that benefit the people. Due to withdrawal of state support to agriculture and the poor due to neo liberalism, the conditions of the poor have become worsened. Thus, it has generated wide spread protest and movements among poor peasants and agricultural laborers for improved livelihoods and dignity. Because of reforms Indian economic growth has improved. The role of the private sector in the Indian economy has grown steadily. This has led to the higher rates of savings and investment in the economy. After the reforms of 1991, the role of foreign investment in Indian economy has grown but the dwindling share of public investment has become a drag on overall economic performance. The major bottle necks are not only India’s

poor infrastructure but also India's poorer status and the decrease in the performance and growth of the agricultural sector in proportion to the public investments, which forms a crucial part of Indian GDP. On the whole, economic growth during the post-1991 period has been accompanied by growing inequality. India's poor have not benefitted greatly from this growth, creating a situation of want amid plenty. (Atul Kohli 2012).

Jean Dreze and noble laureate Amartya Sen captured the above situation of economic reforms succinctly.

"While India has climbed rapidly up the ladder of economic growth rates, it has fallen relatively behind in the scale of social indicators of living standards". They further mentioned that "it is not that their lives have not been improved at all, but the pace of change has been excruciatingly slow and has barely altered their abysmal living conditions." (Jean Dreze and Amartya Sen 2013)

This has necessitated state intervention in correcting the imbalances generated by neo-liberalist policies. As the World Bank report succinctly put:

"State led intervention emphasized market failures and accorded the state a central role in correcting them". The Report further mentioned that : "Public Policies and Programmes must aim not merely to deliver growth but to ensure that the benefits of market led growth are shared. They must also ensure that people are protected against material and personal insecurity. Where poverty and economic marginalization stem from ethnic and social differences, policies must be carefully crafted to manage these differences". (World Bank)

However, by the end of 2008, there was sudden turn around by the Government of India: The Government of India started reconsidering its neo-liberal economic policies seriously and applied brakes on the neoliberal version of economy. This happened because of the following reasons-

- 1) The economic consequences of neo-liberalism Policies in the developed world, i.e., the global melt down (Financial crisis)
- 2) The growing people's resistance for neo-liberal policies. Initially, the policy makers ignored the agitations against the neo-liberal policies and these agitations or resistances were addressed by the state violently irrespective of the political colors of the ruling parties at centre and states. Even the left front Government at West Bengal adopted the neoliberal policies and adopted coercive actions for their implementation. (Prabhat patnaik 2008 & Santanu Rakshit 2014)

Thus one can see a lot of contradictions. Even within the ruling party, one group fighting for increasing the social expenditure and other opposing on different pretexts very openly. The important point is that a section of Indian polity having a pro-poor stance had emerged fighting against the vagaries of neo-liberal policies tooth and nail. The tilt in balance of economic decisions making in the government in favour of the neo-liberal policies led to disquiet and uneasiness among the sections of the congress. The five years of UPA-I witnessed on ideological contestation between fiscal conservatives who wanted to reduce spending and those who favour it, and a backward and forward have movement on the twin goals of growth and equity. (Zoya Hasan 2012) The intervention by left political parties supporting the congress party led United Progressive Alliance(UPA) Parties and pressure from civil society organizations, mass organizations social movements and NGO'S resulted in the successful enactment of an employment guarantee act.

The MGNREGA is a flagship programme of the Government of India launched in 2006 as mandated under the National Rural Employment Guarantee Act, 2005. The MGNREGA was started in a phased manner. It was launched in 200 most backward districts of India on 2nd February 2006 and was extended to another 130 districts in 2007-08. It was further extended to all the districts in India from 1st of April 2008. The National Rural Employment Guarantee Act was renamed by an amendment as the Mahatma Gandhi National Rural Employment Guarantee Act, 2005 on 31st December, 2009. Under the MNREGA the rural households willing to do unskilled manual labour are legally entitled to demand employment upto 100 days in a year from their respective Gram Panchayats. The Salient features of the Act include:

- (1) Providing wage employment opportunities to the people living in rural areas
- (2) Creating sustainable rural livelihoods through rejuvenation of natural resource base, i.e. augmenting productivity and supporting creation of durable assets
- (3) Strengthening rural governance through decentralization and processes of transparency and accountability
- (4) Providing enhancement of livelihood of the households in rural areas of the country by providing atleast 100 days of guaranteed wage employment in every financial year of every households.

Study Area & Methodology

The study was conducted in 3 Gram Panchayats in Silora block of Ajmer District of Rajasthan. Rajasthan was selected because of its pioneering role in the enactment and implementation of the Act. The origin of MGNREGA can also be traced back to the state. The state has led from the front in the formation of the Act, and even before the Act was formulated civil society organizations in Southern Rajasthan had been running a movement for right to work for many years. The people's movement in Rajasthan led to the enactment of two

historical acts namely Right to information Act (RTI) and Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The people of Rajasthan were actively engaged in the long struggle for RTI, MGNREGA and Food Security Act, spearheaded by civil society organizations specially the Mazdoor Kisan Shakti Sanghatan (MKSS), headed by Aruna Roy, a Magsaysay award winner. The active involvement in the policy formulation of MGNREGA and subsequently their efforts in the mobilization of the civil society for the realization of the right to work made Rajasthan a leading state in the implementation of the Act. The state also has been outstanding in ensuring high participation of women. (Surjit Singh et al 2012)

Moreover, Rajasthan is considered as a success story of the policy since the funds have been used to provide employment in this state, in contrast to other states of India, where its implementation has been very low. Scholars like Atul Kohli consider NREGA is implemented well in Rajasthan and Andhra Pradesh.

The study's main objectives are:

- 1) To study the socio-economic background of the beneficiaries of the programme
- 2) To find out the perceptions of beneficiaries and
- 3) To find out the lacunae in the implementation of the Act and to offer specific suggestion for policy.

The study was conducted in Three Gram Panchayats of Silora Block, Ajmer district of Rajasthan. Three villages in Silora Block is chosen for the study in question namely Bandarsindri, Patan and Udaipur Kalan. The district is chosen because the scheme has been implemented successfully. The study is based on both primary data as well as secondary data. The primary data has been collected through questionnaire while the secondary data is collected through published books, reports and MGNREGA website. Each village 50 beneficiaries formed the sample of the study.

MGNREGA has been hailed as a milestone in social policy and employment creation. It is an ambitious, demand driven employment creation programme to benefit the rural poor through projects that improve agricultural productivity alleviate land degradation. Its rights based approach, social inclusion features, reliance on local self government institutions and focus on livelihood security make it very important public endeavor. Its size has no precedent nationally or internationally, posing important design and management challenges.

Implementation and Impact of MGNREGA

- **Awareness about MGNREGA:** - The data with regard to awareness of the programme reveals that the respondents are very much aware of the programme. All the respondents in the three villages knew about the programme and have worked under different works of the scheme in past. The source of information about MGNREGS is mainly Gram Panchayat since 78percent respondents in Udaipur Kalan and 86percent from Patan and 74percent respondents from Bandarsindri Gram Panchayat mentioned that they got information from Gram Panchayats. The remaining respondents in all three Panchayats mentioned that they got the information either from the mates or from their neighborhood .While implementing a policy it is essential that the targeted population is aware of the policy. Unless and until the targeted population participates, the policy cannot be implemented effectively. Thus spreading awareness regarding policy is also an integral part of its implementation.
- **Issuance of Job Cards:** - The timely issuance of Job card is an essential and this is a critical legal document which helps to ensure transparency and protect laborers against fraud. The Gram Panchayat issues the Job card within 15 days of the application of registration after verification and the Job card is valid for a period of five years. The Gram panchayat is responsible for providing wage employment to the application within 15 days of the date of the receipt of application. The data on this aspect revealed that all the respondents in the three villages got Job cards. Since the MGNREGA is a demand driven programme and employment is to be provided to eligible workers on demand, i.e, those who are having Job cards, within 15 days.
- **Participation of Women:-** The participation of women in MNREGA_has been remarkable. From the inception of the programme in 2006, the participation of women in the programme has been well above the minimum prescribed quota of one third and participation of women has increased over the time. By 2008-09 their participation has increased to 48 percent and has remained there since then. One of the reason for this is the male counterparts preference to continue with their respective occupations. One of the positive impacts of MNREGA is that it has helped women in rural areas to come out of their closed shell. They mentioned that the enactment of MGNREGA has been a fortunate thing for them. The MGNREGA wages are an additional income for the family. It has social impact as well as the lives of women in rural areas, women are treated sub-ordinates in a household. They do not have a say in the family. However MGNREGA has changed their social status. They are taking active part in the decision making of the family.
- **Livelihood opportunities:-** Ensuring social protection for the most vulnerable sections of the people living in rural areas through providing employment opportunities is one of the major objective of

MGNREGA. Investments made under MGNREGA are expected to generate employment opportunities and purchasing power of the rural people raise economic productivity, promote women participation, Strengthen the rural infrastructure through the creation of durable community assets, reduce distress mitigation and contribute to the regeneration of natural resources.

On this aspect, the data reveals that the main source of livelihood for the households in the villages of Patan and Bandarsindri is agricultural activity. Infact, in the above two villages multiple sources of livelihood opportunities have been found. A good number of sample households in both the villages have main source of income from their own farming activity because they have eminent size of landholdings and irrigation facilities in their field. Equal number of people depended on agriculture labour activity to eke out their livelihood. Most of the scheduled caste and scheduled tribes people come under this category Where as in Udaipur Kalan village the main source of livelihood is non-agriculture labor though the households have the landholdings of adequate size. The men folk of the households worked in the factories in the nearby Silora industrial area developed by RIICO. In this village only women participated in MGNREGA works.

The study revealed that most of the MGNREGA works have been undertaken in lean season when the agriculture activity is on halt and the majority of women participated in MGNREGA works for extra wage income. In fact the Second Administrative Reforms Commission headed by Veerappa Moily had recommended that the MGNREGA must be evaluated on the basis of its impacts on livelihood security.

NATURE OF WORKS & Payment of Wages under MGNREGA

As the MGNREGA is demand driven employment programme, the permissible works include most of the works related to soil and water conservation and water harvesting structures, micro and minor irrigation works, renovation of traditional water bodies, drought proofing, flood control, Land development, etc. Almost 76percent of assets created since its inception of MGNREGA are built under these broad categories of soil and water conservation.

Regarding payment of wages, wages are linked to tasks completed. Workers are paid on the basis of a simple formula of value of work completed divided by the number of workers listed on the muster roll for each worksite. However persons working under MGNREGA are entitled to minimum wage rates fixed by the state government for agricultural laborers under the Minimum Wages Act 1948 and equal wages have to be paid for both men and women workers and the minimum wage should not be less then Rs 60/- . The wages are to be paid on time on a weekly basis and in any case within a fortnight of the date on which work was done. In the event of delay in payment of wages, they are entitled for compensation.

As regards to respondent's satisfaction of works the data revealed that they are satisfied with the amount of work they got under this programme through the Gram Panchayat. All the respondents from the three villages reported that their households got adequate amount of work on demand. Most of the households got more than 70 days of the work under MGNREGA at different worksites. About 90percent respondents, though they replied to survey questionnaire mentioned that the payment are given on time either weekly or fort nightly. Some of the respondents did mention that they did not get the proper amount of payment against the work. There are lot of wage disparities found among the respondents. The main reason behind this kind of wage disparity is the favoritism by the Sarpanch and the mates under whose supervision the work is performed. The mates are also not chosen on merit but they are chosen by the sarpanch on the allegiance shown from the household towards him.

Involvement in planning of MGNREGA

One of the most crucial aspect is MGNREGA is that village community has to be consulted while taking up the activities benefitting the rural people. As a matter of fact the Gram Panchayat and Gram Sabhas have far reaching responsibilities with regard to implementation and supervision of the programme. These include preparation of projects to be undertaken, supervision of ongoing projects, identification of potential interested, workers, and assignment of these workers to specific worksites and management of financial flows.

On this aspect, the survey data shows mixed results. In Udaipur Kalan village 96percent of the respondents mentioned that they have not been consulted before identifying the asset to be built. It was decided by the Sarpanch and the few elites of the village community. However, it is other way round in Pantan village where 76percent of the respondents mentioned that they have been consulted while identifying the assets to be built in the village under MGNREGA. Some respondents mentioned that they have approached the sarpanch of the Gram Panchayat and the Gram Panchayat to build some assets under MGNREGA but those assets have not been built because of the conflict within the village community. As regards to the priority of works, irrespective of whatever may be the Gram Panchayat majority of them have demanded the roads followed by drinking water supply to their households. In one of the sample village the pipeline for supplying drinking water has been laid in the village but the connections have not been given to the households.

Role of Panchayati Raj bodies

One of the important goals of MGNREGA is to deepen democracy at the grassroots level and bring about greater transparency, responsiveness and accountability in local governance. The Panchayati Raj institutions (PRI's) have been assigned the most critical role in the implementation of MGNREGA and formally declared as the principal authorities for planning and implementation of the scheme some of the salient provisions with regard to the above aspects are as follows:

- (a) The act provides the inclusion of representatives of the PRI's in the State Employment Guarantee Council with powers and functions.
- (b) The act provides for the programme officer at the intermediate Panchayat level.
- (c) The act mandates that atleast 50 percent of the work in terms of cost has to be implemented through the Gram Panchayat.
- (d) The act endows the Gram Sabha with the authority to conduct social audits and monitor the execution of works.
- (e) Schedule II of the Act explains the duties of the Gram Panchayat in registering the households, issuance of job cards, assigning of work, maintenance of records and so on.
- (f) The Act declares PRI's as the principal authorities for planning and implementation of MGNREGA programme. (National Social Watch 2011)

Though the PRI's have been assigned the above important activities with regard to MGNREGA, in practice what is happening is altogether different one of the serious constraints the panchayats are facing in implementation of the programme is shortage of functionaries. On an average, the panchayats are supposed to maintain accounts for as many as 76 programmes. Responsibilities of Panchayats have increased many folds, without a proportionate increase in capacity, which makes them vulnerable to the blamegame of the bureaucracy and others. In such a situation, sometimes Panchayats take refuge in the excuse that they lack support from line departments.

Quality of Assets built under MGNREGA

The survey data indicated that the quality of assets built under MGNREGA is generally good. In Patan village 30percent of the respondents said that the quality of assets built under MGNREGA is excellent and 64percent expressed that the assets are of good quality. Even in other two villages, around 70percent of respondents expressed that they are of good quality. It has to be mentioned that none of the respondents in three villages mentioned that the quality of assets are bad.

The respondents also provided multiple responses about the benefits of the assets built under MGNREGA. Majority of the respondents indicated that the assets built for water conservation and harvesting and the renovation of traditional water bodies helped in recharging the ground water level. These water structures are also used for feeding drinking water to the livestock of the villages. It is important to note that in absence of these structures before the MGNREGA the village community was losing their livestock due to lack of drinking water for animals.

Standard of Living and Livelihood Status

On this aspect, the survey data revealed that an overwhelming majority of respondents have improved their standard of living and livelihood status. The wages of both agriculture and non agriculture labour has increased almost 100 to 200 percent. Before the implementation of MGNREGA, during the agricultural peak season, the respondents used to get Rs 150 to 175 per day, now it has reached to Rs 350 to 400 per day after implementation of MGNREGA.

The increased income was mainly spent on the education and health of the members of the households. In all the three villages, there are private schools which have high number of enrolment which show that people of the villages are ready to spend their income on quality education to their children. Increased income is also used for procuring FMCG products and the consumer durables. On the whole, MGNREGA have helped the destitute and marginalized sections to secure a decent livelihood and created more livelihood opportunities for them.

One of the objectives of the MGNREGA is to reduce distress migration. Such reduction could also be seen as an indicator of successful implementation and optimism in MGNREGA ability to stimulate development within village. Some households or individuals migrate long distances to other states, the dominant type of migration was short distance migration to neighbouring areas. People stopped migrating because they were able to get MGNREGA work although sometimes these wages were lower, it was cheaper to stay at home.

The MGNREGA act came after several years of high economic growth, and the india's shining years that had failed to significantly improve the living condition of the poor and marginalized sections of the society. In all, 1.8 trillion rupees have been spent on this programme throughout India since the programme began in 2006. In the present financial year i.e 2014-15, the government of India has allocated a budgetary provision of

Rs 330 billion and has the potential to change the lives of an unprecedented number of people. MGNREGA has provided an average of 40-50 days of employment per year to about 25 percent of all rural households making the programme as the largest public worker programme in Indian history. The social activists like Aruna Roy and Nikhil Dey, who have been associated with MGNREGA since its inception think that this has created a sense of hope amongst the rural poor. This sense of hope can be further strengthened if people understand that the act gives them employment as a matter of right and that claiming this right is within the realm of possibility. The studies conducted on MGNREGA showed mixed reactions throughout the country. In certain states the programme fared well and in certain states, the programme was not successful. Mihir Shah has identified the features that characterize locations where the success has become possible.

- (a) Availability of strong technical support to the main implementing agency the Gram Panchayat.
- (b) Capacities to undertake decentralized planning exercises and creation of a robust shelf of works.
- (c) Awareness among MGNREGA work seekers of their entitlements and procedures under the programme.
- (d) Active and vibrant gram sabhas, which debate and decide the work to be undertaken and all procedures related to the programme.
- (e) Open and effective social audits that check corruption.
- (f) Accountable Gram Panchayats, where the leadership responds to the legitimate demands and grievances of the people
- (g) A system that ensures timely payment of wages.

Based on the above, the MGNREGA is a major success in the study area as many of these are taken care of by Gram Panchayats and are supported and the watchdog role performed by civil society organizations in the area specially M.K.S.S. guided by Aruna Roy and Nikhil Dey. (Mihir Shah 2014)

As the World Development Report 1997 mentioned that "Public Policies and Programmes must aim not merely to deliver growth but to ensure that the benefits of market led growth are shared. They must also ensure that people are protected against material and personal insecurity. Where poverty and economic marginalization stem from ethnic and social differences, policies must be carefully crafted to manage these differences "Thus the Indian rural employment Guarantee Programme (MGNREGA) provides the required safety net for vulnerable and marginalized sections of the society in a neoliberalized era. While implementing the policy, it is essential that the targeted population is aware of this policy. Until and unless the targeted population participates, the policy cannot be implemented effectively. Thus spreading awareness regarding policy is also an integral part of its implementation. Thus, the MGNREGA is a step towards the right to work as an aspect of fundamental right to live with human dignity. As has been rightly pointed out by Aruna Roy (UNDP 2009) "the MGNREGA exemplifies the features of a mature democracy which provides the poor with the right to demand, the right to know and the right to dignity. Not right to beg"

References

- (1) Atul Kohli (2012), *Poverty Amid plenty in the New India*. New Delhi: Cambridge University Press.
- (2) Chandrasekhar CP (2010), "From Dirigisme to Neoliberalism: Aspects of the political economy of the transition in India" *Development and Society*, Vol.39, No.1 June, P.32.
- (3) Harvey David (2005), *A Brief History of Neoliberalism*. Oxford: Oxford University Press.
- (4) Shah Mihir (2014), "How to reform and how not to" *The Hindu*, Nov. 4.
- (5) Dreze Jean and Sen Amartya (2013), *An uncertain Glory: India and its contradictions*. London: Allen Lane.
- (6) National Social Watch (2010), *Citizens report on Governance and Development*. New Delhi: Sage.
- (7) Votta De Neil, "Neoliberalism and Illiberalism in South Asia" in Sarmah Bhupen and Baruah Joydeep (2014). *Neoliberal State and its Challenges*. New Delhi: Aakar.
- (8) Patnaik Prabhat (2009), "Time for Change", *Frontline*. Vol.26, No. 7, 28 March-10 April.
- (9) Patnaik Prabhat (2008), "Return of the State" *Frontline*, Nov.7.
- (10) Rakshit Shantanu "Return of the State: End of neoliberalism ? An inquiry into Indian Governmentality" in Sarmah Bhupen and Baruah Joydeep. Op-cit.
- (11) Hasan Zoya (2012), *Congress After Indira: Policy, Power, Political change (1984-2009)* Oxford: Oxford University Press.
- (12) UNDP (2009), "Employment Guarantee quickening India's March towards MDG's. New Delhi: UNDP.
- (13) World Development Report (1997). New York: Oxford University Press.

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:

<http://www.iiste.org>

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Academic conference: <http://www.iiste.org/conference/upcoming-conferences-call-for-paper/>

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

